

*advancing
comprehensive*

TAX REFORM



OVERVIEW

Comprehensive tax reform has been a long-standing priority for our Network, and the election of Donald Trump, coupled with pro-freedom majorities in the House and Senate, offers us a once-in-a-generation opportunity to restore prosperity by enacting reforms.

Our tax code is broken.

- Taxes in the U.S. are some of the highest in the world, and the gap is widening as all our competitors have lowered taxes. This disparity is driving companies overseas and causing U.S. companies to focus on tax avoidance, rather than on creating value for their customers.
- Congress last addressed our tax laws in 1986, and the tax code gets more complicated and punitive every year. Since 2001, Congress has made an average of one change a day to the tax code— more than 5,900 changes.
- It takes Americans 8.9 billion hours to comply with IRS paperwork, and this tax complexity cost the country \$409 billion in 2016 alone. That's more than 4.3 million people doing nothing but tax returns for the entire year.

All this complexity proves that our tax code is being used for means other than what it's meant to do—which is, simply, to raise revenue. With that in mind, we envision a successful revenue system built on basic, agreed-upon principles:

Five Pillars for Principled Tax Reform:

- **Simplicity:** Lower rates, fewer brackets, and the elimination of special loopholes, deductions, and exemptions will make tax compliance easier and more affordable.
- **Efficiency:** A broad-based, low-rate tax system is the most efficient way for the government to collect revenue—causing as little disruption to the economy as possible.
- **Equality:** Corporate welfare and special-interest handouts in the current tax code create an unfair, two-tiered tax system and should be eliminated.
- **Predictability:** Tax certainty is essential to a tax system that promotes growth.
- **No Additional Burden on Taxpayers:** Comprehensive tax reform should not place new burdens on the American people, whether in the form of a BAT, VAT, carbon tax, or otherwise.

These pillars provide the structure for a simpler system are with lower rates and fewer brackets, loopholes, deductions, and exemptions. A broad-based and fair system that provides certainty with no additional burden on taxpayers.

There are many challenges to reforming the tax code, and it won't be easy, but the American people are desperate for relief. According to a recent *Fox News* poll:

73% of voters want to see tax reform passed this year.

Capturing this opportunity will require the focus, dedication, and resources unique to the Seminar Network—and we have a bold, comprehensive strategy to do it.

UNITING THE COUNTRY BEHIND A POSITIVE VISION FOR TAX REFORM

Our Network has launched a comprehensive, multi-million-dollar campaign to drive tax reform. Our goal: Build support for tax reform from Main Street to the Halls of Congress to see a tax reform bill signed into law before year's end.

PHASE ONE / Stopping the Border Adjustment Tax

FALL 2016 AND SPRING 2017

When the House Blueprint was released in June 2016, it included a Border Adjustment Tax (BAT) provision. This Network engaged in a strategic campaign to isolate the BAT from the larger tax reform package and define it as a poison pill standing in the way of comprehensive reform.

- **Outreach to Congress and the Trump Administration**

Network leaders met with Administration officials, including Treasury Secretary Mnuchin, to discuss comprehensive tax reform and how tax reform, when combined with regulatory reform, is the surest way to make America more competitive and grow the economy.

Network leadership also met regularly with members of Congress and their staffs and worked closely alongside allied groups to educate them on the economic impact of a BAT.

- **Paid and Earned Media**

Through paid and earned media, Network organizations highlighted how the BAT would amount to a trillion-dollar tax hike on consumers, forcing its supporters to address its harmful impact.

As this narrative in the media took hold, more lawmakers and influencers began to express serious concerns about the BAT, and the White House ultimately did not include it in its tax reform plan.

PHASE TWO / Driving Our Framework for Comprehensive Tax Reform

SUMMER 2017

In May, *Freedom Partners* and *Americans for Prosperity* publicly launched a campaign highlighting our vision for comprehensive tax reform based on the Five Pillars for Principled Tax Reform outlined above. The document calls for a fairer, flatter, and simpler tax code that is both understood and respected by the American people and that unleashes growth and opportunity. This phase of the campaign uses paid and earned media, in addition to direct outreach, to encourage members of various targeted audiences to rally around these principles as we set the stage for comprehensive tax reform.

- **Continued Outreach to Congress and the Trump Administration**

Network leaders met with Vice President Pence, leaders in the House and Senate, as well as many other policy leaders and their advisors, to discuss the Network's positive vision for tax reform.

- **Paid and Earned Media**

- **Wave 1: Persuadables**

Sen. Dan Sullivan (AK), Sen. Richard Shelby (AL), Sen. Marco Rubio (FL), Sen. Johnny Isakson (GA), Sen. Joni Ernst (IA), Sen. Jim Moran (KS), Sen. Pat Roberts (KS), Sen. Thom Tillis (NC), Sen. Dean Heller (NV), Sen. Tim Scott (SC), Sen. Ted Cruz (TX), Rep. Devin Nunes (CA-22), Rep. Vern Buchanan (FL-16), Rep. Carlos Curbelo (FL-26), Rep. Pete Roskam (IL-06), Rep. Jackie Walorski (IN-02), Rep. Lynn Jenkins (KS-02), Rep. Erik Paulsen (MN-03), Rep. Smith (MO-08), Rep.

George Holding (NC-02), Rep. Jason Smith (MO-08), Rep. Reed (NY-23), Rep. Pat Tiberi (OH-12), Rep. Meehan (PA-07), Rep. Tom Rice (SC-07), Rep. Kristi Noem (SD-01), Rep. Diane Black (TN-06), Rep. Sam Johnson (TX-03), Rep. Kevin Brady (TX-08), Rep. Kenny Marchant (TX-24), Rep. Dave Reichert (WA-08)

- **Wave 2: Vulnerables**

Sen. Bill Nelson (FL), Sen. Joe Donnelly (IN), Sen. Debbie Stabenow (MI), Sen. Claire McCaskill (MO), Sen. Jon Tester (MT), Sen. Heidi Heitkamp (ND), Sen. Sherrod Brown (OH), Sen. Tammy Baldwin (WI), Sen. Joe Manchin (WV)

- **Wave 3: Champions**

Sen. Tom Cotton (AR), Sen. Jeff Flake (AZ), Sen. David Perdue (GA); Sen. Rob Portman (OH), Sen. Pat Toomey (PA), Sen. John Cornyn (TX), Sen. Orrin Hatch (UT), Sen. Ron Johnson (WI), Rep. Mark Meadows (NC-11); Rep. Jim Renacci (OH-04); Rep. Mike Kelly (PA-03); Rep. Vern Buchanan (FL-16)

PHASE 3 / Outreach at Home

AUGUST 2017

When members of Congress are in their home states for August Recess, Network grassroots activists in 36 states will engage in their communities to drive the Network's policy priorities.

- **Grassroots and In-District Outreach**

Create opportunities for members of Congress to hear about the need for tax reform directly from their constituents. These opportunities will be designed to drive the narrative and to leave constituents motivated to do more. Where possible, the events will highlight the positive effects of tax reform at the state level. For example, in Indiana, we would highlight Gov. Mike Pence's state tax cuts and the economic and private-sector job growth that soon followed.

- **State-Based Grassroots Events**

Grassroots organizations will hold in-district events to: (a) generate earned media to drive the Network narrative on tax reform, (b) equip attendees to articulate tax policy positions, and (c) encourage attendees to do more—like engage in door knocking and phone banking, and/or direct contact with members of Congress, including requesting meetings asking them to support our agenda.

- **In-District Office Visits**

State chapter leadership and volunteers will meet with members of their Congressional delegation at district offices in the states to ask questions and further drive information exchange.

- **Continued Outreach to Congress and the Trump Administration**

PHASE 4 / Tax Reform Bill Negotiations

FALL 2017

As we head into the fall, negotiations on the tax bill will begin in earnest. Our Network will continue to apply pressure to push our aggressive timeline for tax reform as we work to get a bill on President Trump's desk before the end of the year.

- **Continued Outreach to Congress and the Trump Administration**

Network leaders will stay closely connected with policymakers as tax reform legislation begins to take shape. If concerns are identified, we will work to improve them.

- **Grassroots Leaders Visits to Washington, DC**
In September, grassroots leaders will travel to Washington, DC, to meet with members of Congress and their staffs to remind them of the strong support for tax reform in their districts back home.
- **Shaping and Driving the Narrative Inside-the-Beltway**
 - The Network will ramp up its already aggressive paid and earned media campaign to drive key messages and help shape the tone and content of the media coverage. A smart and successful earned media strategy can put additional pressure on key decision makers, inject compelling arguments into the media narrative, and help persuade target audiences to embrace and advocate for our viewpoint.
 - Tactics will include: paid media; print, television, and radio interviews; op-ed placements; press releases, statements, and blog posts; social media engagement; infographics, videos, and shareable content; press events and tele-town halls; academic policy reports; letters to Congress and other policy leaders; coalition building; and rapid response.
 - The Network will utilize its best-in-class data and communications capabilities to leverage paid media as opportunities arise.
- **Grassroots Accountability**
Our headquarters and grassroots staff, activists, and volunteers will be keenly aware of where their representatives stand on key issues in this debate. As needed, Network grassroots organizations and activists will ensure elected officials are held accountable for taking unprincipled positions.

ROADBLOCKS TO TAX REFORM

Our Network wants the best possible tax bill that can still pass both the House and Senate. The tax code is in such bad shape that almost any incremental step forward would be considered progress. Achieving some reform now, even if it does not go as far as we might hope, will position us to achieve additional reform in the future. Remember: the “Reagan Tax Cuts” included two bills, the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

The American people want this change and current proposals overlap 80%. Most of the current disagreement centers around two areas:

The Border Adjustment Tax

The BAT is a 20% tax on all imports and would devastate American consumers, and any American business that imports any good from overseas. Comprehensive tax reform should not create any additional financial burden on American families, and the BAT would increase these burdens by a full 20%. Because of the efforts of this Network, allied organizations, and principled policymakers, the BAT is considered dead-on-arrival in the Senate, so including the BAT in a House bill would sound the death knell for tax reform, for years to come.

Permanency and Revenue Neutrality

Proponents of the BAT say it pays for a lower corporate rate. That’s not true. If the BAT – which is completely untested – does work it, it is designed to pay for full expensing. But full expensing will

cost \$2.2 trillion in the first 10 years and have smaller, but ongoing, costs after that. Meaningful, comprehensive tax reform is possible without full expensing and, therefore, without needing the BAT to pay for it. A significant corporate rate cut would be more beneficial in the long term and for more companies than full expensing.

PARTNER WITH US

Our Network has outlined strong, pro-growth policies and the plan to achieve them—including paid and earned media to drive a narrative in the debate, grassroots to generate support in the states, and lobbying on Capitol Hill to educate lawmakers. Much work remains to be done, and there are several challenges to be overcome, but we can achieve comprehensive tax reform this year.

We need your help in this effort.

Our strategy, however sound, requires the leadership and involvement of as many of our partners as possible to be as successful as possible. As we've found in all our policy efforts, our combined voices are louder than any one of us shouting alone.

As business and community leaders in this country, your command the attention of the policymakers leading and voting on these reforms. Reach out to your Senators and Congressmen that represent the districts you live and do business in and let them know how tax reform would impact you, your employees, and your company in the places you operate. When you speak with them, ensure you address these three points:

1. Drop the Border Adjustment Tax
2. Drop Full-Expensing, and
3. Move on Tax Reform This Year

If Congress does the first two, the third will move much more quickly.

But your support at the grassroots is not enough. Your financial investment in this comprehensive effort will allow us to raise the volume over the opposition, engaging hundreds of thousands of activists and paid media in the fight. Only if we bring the full capabilities of this network into the battle, will we be able to push change that will last a generation.